

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-13 AID-20 COME-00 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 CEA-02 AGR-20 DRC-01 /233 W

----- 025247

R 211045Z SEP 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6974

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USEC MISSION BRUSSELS

USOECN MISSION PARIS

UNCLAS TOKYO 12284

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS - SEP 17-21

1. DOLLAR IN THE SPOT MARKET WAS OFF DURING MID-WEEK AS
RESULT OF WEAKENING OF DOLLAR IN EUROPEAN MARKETS BUT
STRENGTHENED AGAIN TOWARDS END OF WEEK, WITH REPRESENTATIVE
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RATE ON FRIDAY AT 265.45 YEN DOWN YEN 0.20 FROM MONDAY.

TRANSACTIONS DURING FIVE-DAY PERIOD WERE IN THE RANGE OF YEN 265.25 TO YEN 265.67 PER DOLLAR. VOLUME IN THE SPOT MARKET WAS SOMEWHAT LESS THAN PREVIOUS WEEK, WITH DAILY HIGH REACHED ON FRIDAY OF \$76.4 MIL. TOTAL WEEKLY VOLUME WAS APPROX \$277 MIL. BOJ OFFICIAL REPORTED CENTRAL BANK INTERVENTION (DOLLAR SALES) OF OVER \$100 MIL THIS WEEK. THIS COMPARES TO CENTRAL BANK DOLLAR SALES OF OVER \$200 MIL FOR PREVIOUS WEEK (SEP 10-14). TOTAL SPOT MARKET VOLUME DURING PREVIOUS WEEK REGISTERED \$347 MIL, WITH SPOT DOLLAR RATE TRADING RANGE OF YEN 265.43 PER DOLLAR TO YEN 265.60 PER DOLLAR. SAME OFFICIAL INDICATES RECENT SERIOUS SHORTAGE OF INDUSTRIAL ENERGY SOURCES HAVE CAUSED SLOWDOWN IN PRODUCTION OF GOODS AVAILABLE FOR EXPORT. THEREFORE, LEVEL OF EXPORTS, OFF DURING RECENT WEEKS, EXPECTED TO REMAIN AT LOW LEVELS OVER NEAR TERM. AS A RESULT CENTRAL BANK ANTICIPATES NECESSITY OF CONTINUING TO SUPPLY DOLLARS TO THE MARKET.

2. FORWARD DOLLAR RATES WEAKENED DURING MOST RECENT FIVE-DAY PERIOD. THREE-MONTH FORWRD (DEC DELIVERY) CLOSED ON SEP 21 AT YEN 263.10, DOWN YEN .50 FROM MONDAY'S CLOSE. SIX-MONTH FORWARD (MAR DELIVERY) CLOSED WEEK AT YEN 259.10, DOWN .30 FROM MONDAY. END OF WEEK CLOSE FOR THREE MONTH FORWARD REPRESENTED DISCOUNT OF 3.54 PERCENT WHILE THAT FOR SIX-MONTH FORWRD REPRESENTED DISCOUNT OF 4.78 PERCENT. DISCOUNT FOR THREE-MONTH FORWARD AT END OF WEEK SEP 10-14 IN COMPARISON WAS 4.64 PERCENT, WITH DISCOUNT OF SIX-MONTH FORWARD AT 5.16 PERCENT. TOTAL VOLUME IN THE FORWARD MARKET THIS WEEK WAS \$293 MIL, VERSUS \$320 MIL DURING WEEK OF SEP 10-14. TOTAL VOLUME IN THE SWAP MARKET THIS WEEK REGISTERED \$239 MIL, VERSUS \$206 MIL LAST WEEK.
SHOESMITH

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